



General Assembly

January Session, 2001

***Raised Bill No. 1415***

LCO No. 4815

Referred to Committee on Finance, Revenue and Bonding

Introduced by:  
(FIN)

***AN ACT CONCERNING CERTAIN SALES TAX EXEMPTIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivision (2) of section 12-407 of the general statutes is  
2 repealed and the following is substituted in lieu thereof:

3 (2) "Sale" and "selling" mean and include: (a) Any transfer of title,  
4 exchange or barter, conditional or otherwise, in any manner or by any  
5 means whatsoever, of tangible personal property for a consideration;  
6 (b) any withdrawal, except a withdrawal pursuant to a transaction in  
7 foreign or interstate commerce, of tangible personal property from the  
8 place where it is located for delivery to a point in this state for the  
9 purpose of the transfer of title, exchange or barter, conditional or  
10 otherwise, in any manner or by any means whatsoever, of the property  
11 for a consideration; (c) the producing, fabricating, processing, printing  
12 or imprinting of tangible personal property for a consideration for  
13 consumers who furnish either directly or indirectly the materials used  
14 in the producing, fabricating, processing, printing or imprinting,  
15 including but not limited to, sign construction, photofinishing,  
16 duplicating and photocopying; (d) the furnishing and distributing of  
17 tangible personal property for a consideration by social clubs and

18 fraternal organizations to their members or others; (e) the furnishing,  
19 preparing, or serving for a consideration of food, meals or drinks; (f) a  
20 transaction whereby the possession of property is transferred but the  
21 seller retains the title as security for the payment of the price; (g) a  
22 transfer for a consideration of the title of tangible personal property  
23 which has been produced, fabricated or printed to the special order of  
24 the customer, or of any publication, including but not limited to, sign  
25 construction, photofinishing, duplicating and photocopying; (h) a  
26 transfer for a consideration of the occupancy of any room or rooms in a  
27 hotel or lodging house for a period of thirty consecutive calendar days  
28 or less; (i) the rendering of certain services for a consideration,  
29 exclusive of such services rendered by an employee for the employer,  
30 as follows: (A) Computer and data processing services, including, but  
31 not limited to, time, programming, code writing, modification of  
32 existing programs, feasibility studies and installation and  
33 implementation of software programs and systems even where such  
34 services are rendered in connection with the development, creation or  
35 production of canned or custom software or the license of custom  
36 software, and exclusive of services rendered in connection with the  
37 creation, development hosting or maintenance of all or part of a web  
38 site which is part of the graphical, hypertext portion of the Internet,  
39 commonly referred to as the World-Wide Web, (B) credit information  
40 and reporting services, (C) services by employment agencies and  
41 agencies providing personnel services, (D) private investigation,  
42 protection, patrol work, watchman and armored car services, exclusive  
43 of services of off-duty police officers and off-duty firefighters, (E)  
44 painting and lettering services, (F) photographic studio services, (G)  
45 telephone answering services, (H) stenographic services, (I) services to  
46 industrial, commercial or income-producing real property, including,  
47 but not limited to, such services as management, electrical, plumbing,  
48 painting and carpentry and excluding any such services rendered in  
49 the voluntary evaluation, prevention, treatment, containment or  
50 removal of hazardous waste, as defined in section 22a-115, or other  
51 contaminants of air, water or soil, provided income-producing

52 property shall not include property used exclusively for residential  
 53 purposes in which the owner resides and which contains no more than  
 54 three dwelling units, or a housing facility for low and moderate  
 55 income families and persons owned or operated by a nonprofit  
 56 housing organization, as defined in subsection (29) of section 12-412,  
 57 (J) business analysis, management, management consulting and public  
 58 relations services, excluding (i) any environmental consulting services,  
 59 and (ii) any training services provided by an institution of higher  
 60 education licensed or accredited by the Board of Governors of Higher  
 61 Education pursuant to section 10a-34, (K) services providing "piped-in"  
 62 music to business or professional establishments, (L) flight instruction  
 63 and chartering services by a certificated air carrier on an aircraft, the  
 64 use of which for such purposes, but for the provisions of subsection (4)  
 65 of section 12-410 and subsection (12) of section 12-411, would be  
 66 deemed a retail sale and a taxable storage or use, respectively, of such  
 67 aircraft by such carrier, [(M) motor vehicle repair services, including  
 68 any type of repair, painting or replacement related to the body or any  
 69 of the operating parts of a motor vehicle, (N)] M motor vehicle  
 70 parking, including the provision of space, other than metered space, in  
 71 a lot having thirty or more spaces, excluding (i) space in a seasonal  
 72 parking lot provided by a person who is exempt from taxation under  
 73 this chapter pursuant to subsection (1), (5) or (8) of section 12-412, (ii)  
 74 space in a parking lot owned or leased under the terms of a lease of not  
 75 less than ten years' duration and operated by an employer for the  
 76 exclusive use of its employees, (iii) valet parking provided at any  
 77 airport, and (iv) space in municipally-operated railroad parking  
 78 facilities in municipalities located within an area of the state  
 79 designated as a severe nonattainment area for ozone under the federal  
 80 Clean Air Act, [(O)] (N) radio or television repair services, [(P)] (O)  
 81 furniture reupholstering and repair services, [(Q)] (P) repair services to  
 82 any electrical or electronic device, including, but not limited to,  
 83 equipment used for purposes of refrigeration or air-conditioning, [(R)]  
 84 (Q) lobbying or consulting services for purposes of representing the  
 85 interests of a client in relation to the functions of any governmental

86 entity or instrumentality, [(S)] (R) services of the agent of any person in  
 87 relation to the sale of any item of tangible personal property for such  
 88 person, exclusive of the services of a consignee selling works of art, as  
 89 defined in subsection (b) of section 12-376c, or articles of clothing or  
 90 footwear intended to be worn on or about the human body other than  
 91 (i) any special clothing or footwear primarily designed for athletic  
 92 activity or protective use and which is not normally worn except when  
 93 used for the athletic activity or protective use for which it was  
 94 designed, and (ii) jewelry, handbags, luggage, umbrellas, wallets,  
 95 watches and similar items carried on or about the human body but not  
 96 worn on the body in the manner characteristic of clothing intended for  
 97 exemption under subdivision (47) of section 12-412, under  
 98 consignment, exclusive of services provided by an auctioneer, [(T)] (S)  
 99 locksmith services, [(U)] (T) advertising or public relations services,  
 100 including layout, art direction, graphic design, mechanical preparation  
 101 or production supervision, not related to the development of media  
 102 advertising or cooperative direct mail advertising, [(V)] (U)  
 103 landscaping and horticulture services, [(W)] (V) window cleaning  
 104 services, [(X)] (W) maintenance services, [(Y)] (X) janitorial services,  
 105 [(Z)] (Y) exterminating services, [(AA)] (Z) swimming pool cleaning  
 106 and maintenance services, [(BB)] (AA) renovation and repair services  
 107 as set forth in this subparagraph, to other than industrial, commercial  
 108 or income-producing real property: Paving of any sort, painting or  
 109 staining, wallpapering, roofing, siding and exterior sheet metal work,  
 110 [(CC)] (BB) miscellaneous personal services included in industry group  
 111 729 in the Standard Industrial Classification Manual, United States  
 112 Office of Management and Budget, 1987 edition, or U.S. industry  
 113 532220, 812191, 812199 or 812990 in the North American Industrial  
 114 Classification System United States manual, United States Office of  
 115 Management and Budget, 1997 edition, exclusive of (i) services  
 116 rendered by massage therapists licensed pursuant to chapter 384a, and  
 117 (ii) services rendered by a hypertrichologist licensed pursuant to  
 118 chapter 388, [(DD)] (CC) any repair or maintenance service to any item  
 119 of tangible personal property including any contract of warranty or

120 service related to any such item, [(EE)] exclusive of such services to a  
 121 residential property owner for the cleaning of an oil-burning boiler  
 122 used to heat such property, (DD) business analysis, management or  
 123 managing consulting services rendered by a general partner, or an  
 124 affiliate thereof, to a limited partnership, provided (i) that the general  
 125 partner, or an affiliate thereof, is compensated for the rendition of such  
 126 services other than through a distributive share of partnership profits  
 127 or an annual percentage of partnership capital or assets established in  
 128 the limited partnership's offering statement, and (ii) the general  
 129 partner, or an affiliate thereof, offers such services to others, including  
 130 any other partnership. As used in subparagraph [(EE)(i)] (DD)(i) "an  
 131 affiliate of a general partner" means an entity which is directly or  
 132 indirectly owned fifty per cent or more in common with a general  
 133 partner, [;] and [(FF)] (EE) notwithstanding the provisions of section  
 134 12-412, except subsection (87) thereof, patient care services, as defined  
 135 in subsection (29) of this section by a hospital; (j) the leasing or rental  
 136 of tangible personal property of any kind whatsoever, including, but  
 137 not limited to, motor vehicles, linen or towels, machinery or apparatus,  
 138 office equipment and data processing equipment, provided for  
 139 purposes of this subdivision and the application of sales and use tax to  
 140 contracts of lease or rental of tangible personal property, the leasing or  
 141 rental of any motion picture film by the owner or operator of a motion  
 142 picture theater for purposes of display at such theater shall not  
 143 constitute a sale within the meaning of this subsection; (k) the  
 144 rendering of telecommunications service, as defined in subsection (26)  
 145 of this section, for a consideration on or after January 1, 1990, exclusive  
 146 of any such service rendered by an employee for the employer of such  
 147 employee, subject to the provisions related to telecommunications  
 148 service in accordance with section 12-407a; (l) the rendering of  
 149 community antenna television service, as defined in subsection (27) of  
 150 this section, for a consideration on or after January 1, 1990, exclusive of  
 151 any such service rendered by an employee for the employer of such  
 152 employee provided no tax shall be applied to any portion of any bill  
 153 for such services which portion is attributable to any other tax levied

154 by law; (m) the transfer for consideration of space or the right to use  
155 any space for the purpose of storage or mooring of any noncommercial  
156 vessel, exclusive of dry or wet storage or mooring of such vessel  
157 during the period commencing on the first day of November in any  
158 year to and including the thirtieth day of April of the next succeeding  
159 year; (n) the sale for consideration of naming rights to any place of  
160 amusement, entertainment or recreation within the meaning of  
161 subdivision (3) of section 12-540; (o) the transfer for consideration of a  
162 prepaid telephone calling service, as defined in subsection (34) of this  
163 section, and the recharge of a prepaid telephone calling service,  
164 provided, if the sale or recharge of a prepaid telephone calling service  
165 does not take place at the retailer's place of business and an item is  
166 shipped by the retailer to the customer, the sale or recharge shall be  
167 deemed to take place at the customer's shipping address, but, if such  
168 sale or recharge does not take place at the retailer's place of business  
169 and no item is shipped by the retailer to the customer, the sale or  
170 recharge shall be deemed to take place at the customer's billing  
171 address or the location associated with the customer's mobile  
172 telephone number. Wherever in this chapter reference is made to the  
173 sale of tangible personal property or services, it shall be construed to  
174 include sales described in this subsection, except as may be specifically  
175 provided to the contrary.

176       Sec. 2. Subdivision (19) of section 12-412 of the general statutes, as  
177 amended by section 1 of public act 00-170, is repealed and the  
178 following is substituted in lieu thereof:

179       (19) Sales of and the storage, use or other consumption of (A)  
180 oxygen, blood or blood plasma when sold for medical use in humans  
181 or animals; (B) artificial devices individually designed, constructed or  
182 altered solely for the use of a particular handicapped person so as to  
183 become a brace, support, supplement, correction or substitute for the  
184 bodily structure, including the extremities of the individual, and repair  
185 or replacement parts and repair services rendered to property  
186 described in this subparagraph; (C) artificial limbs, artificial eyes and

187 other equipment worn as a correction or substitute for any functioning  
188 portion of the body, custom-made wigs or hairpieces for persons with  
189 medically diagnosed total and permanent hair loss as a result of  
190 disease or the treatment of disease, artificial hearing aids when  
191 designed to be worn on the person of the owner or user, closed circuit  
192 television equipment used as a reading aid by persons who are  
193 visually impaired and repair or replacement parts and repair services  
194 rendered to property described in this subparagraph; (D) canes,  
195 crutches, walkers, wheel chairs and inclined stairway chairlifts for the  
196 use of invalids and handicapped persons, and repair or replacement  
197 parts and repair services to property described in this subparagraph;  
198 (E) any equipment used in support of or to supply vital life functions,  
199 including oxygen supply equipment used for humans or animals,  
200 kidney dialysis machines and any other such device used in necessary  
201 support of vital life functions, and apnea monitors, and repair or  
202 replacement parts and repair services rendered to property described  
203 in this subparagraph; and (F) support hose that is specially designed to  
204 aid in the circulation of blood and is purchased by a person who has a  
205 medical need for such hose. Repair or replacement parts are exempt  
206 whether purchased separately or in conjunction with the item for  
207 which they are intended, and whether such parts continue the original  
208 function or enhance the functionality of such item. As used in this  
209 subdivision, "repair services" means services that are described in  
210 subparagraph [(Q)] (P) or [(EE)] (DD) of subdivision (2)(i) of section  
211 12-407.

212 Sec. 3. Subdivision (27) of section 12-412 of the general statutes is  
213 repealed and the following is substituted in lieu thereof:

214 (27) (A) Sales of any items for [fifty cents] one dollar or less from  
215 vending machines; or (B) sales of food products, as defined in  
216 subsection (23) of this section, sold through coin-operated vending  
217 machines.

218 Sec. 4. Subdivision (109) of section 12-412 of the general statutes is

219 repealed and the following is substituted in lieu thereof:

220 (109) (A) Sales of college textbooks to full and part-time students  
221 enrolled at institutions of higher education, provided the student  
222 presents a valid student identification card. For purposes of this  
223 [subdivision] subparagraph, "college textbooks" means new or used  
224 books and related workbooks required or recommended for a course at  
225 an institution of higher education.

226 (B) Sales of textbooks to students enrolled in private primary or  
227 secondary schools. For purposes of this subparagraph, "textbooks"  
228 means new or used books and related workbooks required or  
229 recommended for a course at a private primary or secondary school.

230 Sec. 6. Section 12-412 of the general statutes is amended by adding  
231 subdivisions (113) to (116), inclusive, as follows:

232 (NEW) (113) Soap intended for use on the human body.

233 (NEW) (114) Motor vehicles in sales transactions not substantially  
234 affecting the ownership of the vehicle.

235 (NEW) (115) Disposable diapers.

236 (NEW) (116) Medically necessary hypoallergenic bedding products.

237 Sec. 7. This act shall take effect July 1, 2001, and shall be applicable  
238 to sales occurring on and after said date.

***Statement of Purpose:***

To provide for exemptions from the sales and use taxes for certain goods and services.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*